

Message Text

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43

ACTION EUR-25

INFO OCT-01 IO-14 ISO-00 EB-11 AGR-20 CEA-02 CIAE-00

COME-00 DODE-00 FRB-02 H-03 INR-10 INT-08 L-03 LAB-06

NSAE-00 NSC-07 PA-04 RSC-01 AID-20 CIEP-02 SS-20

STR-08 TAR-02 TRSE-00 USIA-15 PRS-01 SP-03 FEA-02

OMB-01 SWF-02 DRC-01 /194 W
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R 101430Z MAY 74

FM AMEMBASSY BUDAPEST

TO SECSTATE WASHDC 0000

INFO AMEMBASSY BERN

AMEMBASSY HELSINKI

USMISSION GENEVA

UNCLAS BUDAPEST 1164

E.O. 11652: N/A

TAGS: ETRD, GATT, HU, FI

SUBJ: FINNISH-HUNGARIAN FREE-TRADE AREA

REF: A) BUDAPEST 1126

B) BUDAPEST 1127

1. SUMMARY: THIS TEL TRANSMITS TEXT OF MAY 5 FINNISH
EMBASSY PRESS RELEASE AS WELL AS OUR TRANSLATION OF MTI
NEWS AGENCY ARTICLE APPEARING IN MAY 32 ARTICLE OF VILAGGAZDASAG.

2. FINNISH RELEASE: QUOTE AGREEMENT BETWEEN FINLAND
AND HUNGARY ON RECIPROCAL REMOVAL OF OBSTACLES TO TRADE
WAS SIGNED TODAY IN HELSINKI BY MINISTERS FOR FOREIGN
TRADE OF FINLAND AND OF HUNGARY. MR. JERMO LAINE AND
MR. JOZSEF BIRO. AGREEMENT IS SECOND FREE-TRADE AGREE-
MENT CONCLUDED BY FINLAND WITH SOCIALIST EUROPEAN
COUNTRY AS RESULT OF THE NEGOTIATIONS WHICH HAVE BEEN
CARRIED OUT SINCE JUNE LAST YEAR. FIRST SUCH AGREEMENT
WAS SIGNED WITH BULGARIA LAST WEEK IN HELSINKI. CUSTOMS
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DUTIES APPLIED TO INDUSTRIAL GOODS SHALL BE ABOLISHED

FROM FINNISH-HUNGARIAN TRADE BY JULY 1977. AS REGARDS
SO-CALLED SENSITIVE PRODUCTS AT LONGER TRANSITIONAL PERIOD
ENDING ON 1 JANUARY 1985 SHALL APPLY. QUANTATIVE
RESTRICTIONS (QUOTAS) SHALL ALSO BE ELIMINATED FROM TRADES
BETWEEN THE COUNTRIES. FOR EVENTUAL MARKET OR PRODUCTION
DISTURBANCES A SPECIAL SAFEGUARD CLAUSE ARTICLE IS
INCLUDED IN THE AGREEMENT. A JOINT COMMISSION SHALL BE
ESTABLISHED FOR THE ADMINISTRATION OF THE AGREEMENT. THE
RULES OF ORIGIN ARE PARALLEL TO THE RULES APPLIED IN EFTA
AND EEC TRADE. AS AGREEMENT MAINLY COVERS INDUSTRIAL
PRODUCTS, CONCESSIONS IN SECTOR OF AGRICULTURAL PRODUCTS
HAVE BEEN SPECIFIED IN A PROTOCOL. FINLAND SHALL ELIMINATE
PROGRESSIVELY IMPORT DUTIES AND LEVIES APPLIED TO, FOR
EXAMPLE, CERTAIN FRUIT, GRAPES AND WINES ORIGINATING IN
HUNGARY, FOR ITS PART, HUNGARY SHALL FACILITATE IMPORTS
FROM FINLAND OF, AMONG OTHERS, MEAT AND DAIRY PRODUCTS.
END QUOTE

3. MTI (VILAGGASZDASAG) RELEASE: QUOTE IN HELSINKI,
DR. JOZSEF BIRO AND JERMI LAINEN, FINNISH MINISTER FOR
FOREIGN TRADE, SIGNED AN AGREEMENT YESTERDAY ON TERMINATION
OF STILL EXISTING OBSTACLES BETWEEN TWO COUNTRIES.
AGREEMENT CONCLUDED AFTER SEVERAL MONTHS OF NEGOTIATION
SESSIONS IS TO CREATE CONDITIONS WHICH MAKE POSSIBLE
ACCELERATING, HARMONIOUS DEVELOPMENT OF TWO COUNTRIES'
ECONOMIC RELATIONS. PRIMARY AIM OF AGREEMENT IS TO SECURE
POSSIBILITIES OF TRADE AGREEMENT WITHIN PRESENT CIRCUM-
STANCES OF EUROPEAN ECONOMIC INTEGRATION PROCESSES, IN
ACCORDANCE WITH GATT PRESCRIPTIONS. AMONG TRADE
OBSTACLES, GRADUAL TERMINATION OF CUSTOMS DUTIES HAS TO
BE ACCOMPLISHED BY JULY 1, 1979 AFTER THAT TIME, MOST
OF HUNGARIAN INDUSTRIAL PRODUCTS, AGRICULTURAL AND FOOD
INDUSTRY ARTICLES IN FINLAND, AND DECISIVE PART OF THE
FINNISH EXPORT ARTICLES IN HUNGARY WILL NOT BE CHARGED
WITH DUTY TAXES. SOME GOODS CATEGORIES ARE EXCEPTIONS,
DUTIES OF THESE WILL COME TO END ON LOWER RATE, IN 10
YEARS. FINLAND, AS KNOWN, HAS CUSTOMS FREE TRADE OF
INDUSTRIAL GOODS WITH MEMBER STATES OF EFTA, IN THE STYLE
OF NOT LONG AGO CONCLUDED AGREEMENTS WITH COMMON MARKET
AND SOVIET UNION. BY JUST SIGNED AGREEMENT, RELATIVE
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DISADVANTAGE OF HUNGARIAN GOODS IN FINLAND STOPS. ON
BASIS OF MUTUALITY OF ADVANTAGES, FINNISH PRODUCTS
ALSO WILL BE IN MORE FAVORABLE POSITION ON HUNGARIAN
MARKET. AGREEMENT HAS RULES THAT QUANTITATIVE
LIMITATIONS DO NOT HINDER TRADE BETWEEN TWO COUNTRIES;
PRECISELY DECIDES WHAT GOODS ARE TO BE CONSIDERED OF
HUNGARIAN OR OF FINNISH ORIGIN; MAKES POSSIBLE TRADE
OF PRODUCTS PRODUCED IN COOPERATION OF PRODUCTIVE

CHARACTER; TAKES CARE OF CREATING MIXED COMMITTEE WHICH
SUPERVISES EXECUTION OF THE AGREEMENT. MIXED COMMITTEE
WILL HAVE YEARLY SESSIONS WITH ALTERNATING HUNGARIAN
AND FINNISH PRESIDENTS. AGREEMENT WILL COME TO LIFE
AFTER EXCHANGE OF RATIFICATION DOCUMENTS. ECD QUOTE.
PEDERSEN

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